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Attorneys for Defendants, CV SCIENCES, INC., MICHAEL
MONA JR., MICHAEL MONA III, JOSEPH D. DOWLING,
JAMES MCNULTY, GARY SLIGAR, STEPHEN M.
SCHMITZ, EDWARD A WILSON, BART P MACKAY, and
LARRY RASKIN

**UNITED STATES DISTRICT COURT
DISTRICT OF NEVADA**

DAVID FRANCIS, derivatively on behalf of CV
SCIENCES, Inc. formerly known as,
CANNAVEST CORP.,

Plaintiff,

v.

MICHAEL MONA JR., MICHAEL MONA III,
JOSEPH D. DOWLING, BART P. MACKAY,
LARRY RASKIN, JAMES MCNULTY, GARY
SLIGAR, STEPHEN M. SCHMITZ and
EDWARD A. WILSON,

Defendants,

and

CV SCIENCES, INC., formerly known as,
CANNAVEST CORP.,

Nominal Defendant.

Case No. 2:18-cv-02284-GMN-NJK
Judge: Hon. Gloria M. Navarro

**STIPULATION AND [PROPOSED]
ORDER CONCERNING A STAY OF
THE ACTION**

Complaint Filed: November 30, 2018
Trial Date: Not Set

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1 WHEREAS Plaintiff David Francis (“Plaintiff”) brought the above-captioned action (the
 2 “Action”) derivatively and on behalf of CV Sciences, Inc. formerly known as CannaVEST Corp.
 3 (“CV Sciences” or the “Company”), alleging breaches of fiduciary duty against certain of the
 4 Company’s current and former officers and directors (collectively with CV Sciences, “Defendants”)
 5 (Plaintiff and Defendants are collectively referred to herein as the “Parties”);

6 WHEREAS, a related putative class action case entitled *In re CV Sciences, Inc., Securities*
 7 *Litigation*, Case No. 2:18-cv-01602-JAD-PAL is pending in the United States District Court, District
 8 of Nevada (the “Nevada Securities Action”);

9 WHEREAS, a related putative class action case entitled *In re CannaVEST Corp. Securities*
 10 *Litigation*, Case No. 14-cv-02900 was previously pending in the United States District Court,
 11 Southern District of New York (the “New York Securities Action”). The Nevada Securities Action
 12 and the New York Securities Action shall be collectively referred to herein as the “Federal Securities
 13 Actions;”

14 WHEREAS, on February 19, 2019, the Parties filed a Stipulation Concerning a Stay of the
 15 Action, which proposed to conditionally stay the Action until the close of fact discovery in the
 16 Nevada Securities Action or the New York Securities Action (ECF No. 16);

17 WHEREAS, the parties in the New York Securities Action filed a stipulation of voluntary
 18 dismissal, which was so ordered on July 2, 2019;

19 WHEREAS, the fact discovery period in the Nevada Securities Action was extended to May
 20 24, 2021, after which the Parties previously agreed to a stay of this Action until August 11, 2021;

21 WHEREAS, the Parties later stipulated that the interests of efficient and effective case
 22 management would best be served by extending the stay in the Action until October 8, 2021, to
 23 permit the Parties to continue settlement discussions, and on August 18, 2021, the Court entered such
 24 stipulation (ECF No. 52);

25 WHEREAS, the Parties submitted a stipulation agreeing to extend the stay in this Action
 26 until March 3, 2022, as the Parties anticipated the possibility of holding settlement discussion and
 27 intended to use the additional time to explore such possibility further, which the Court entered (ECF
 28 No. 58);

1 WHEREAS, the Court lifted the stay in this case on March 7, 2022 (*See* ECF No. 59).

2 WHEREAS, the parties in the Nevada Securities Action engaged in a mediation and have
3 reached a settlement in principle;

4 WHEREAS, the parties in the Nevada Securities Action filed a Stipulation of Settlement on
5 January 31, 2022, and the lead plaintiff filed a Motion for Preliminary Approval of Class Action
6 Settlement on the same date;

7 WHEREAS, the court in the Nevada Securities Action granted the lead plaintiff's Motion for
8 Preliminary Approval of Class Action Settlement on March 9, 2022;

9 WHEREAS, Plaintiff transmitted a settlement proposal on July 22, 2020, Defendants
10 transmitted a settlement proposal on December 21, 2021, and Plaintiff transmitted a response to same
11 on January 13, 2022,

12 WHEREAS, the Parties in this Action remain engaged in discussions regarding potential
13 resolution of this Action;

14 WHEREAS, the Parties agree that the interests of efficient and effective case management
15 would best be served by imposing a new stay in this Action for 60 days to allow the Parties additional
16 time to further explore the possibility of settlement of this Action;

17 NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED by Plaintiff and
18 Defendants, through their undersigned counsel of record and subject to the approval of the Court, as
19 follows:

20 1. All proceedings in this Action and any related derivative actions in this Court shall
21 be stayed until June 6, 2022, the date that the stay will be over, but any of the Parties to this
22 Stipulation can request that the Court lift the voluntary stay upon good cause shown by giving the
23 other party a ten (10) day notice that they believe that good cause exists to lift the voluntary stay of
24 the Action and thereafter bringing the matter to the Court's attention and requesting that the stay of
25 the Action be lifted.

26 2. Within thirty (30) days after June 6, 2022, the date the stay will be over, the Parties
27 in this Action will meet and confer in good faith to determine a schedule for the Action going
28 forward, and will submit a proposed scheduling stipulation for this Court's review and approval,

1 which shall include a deadline for Defendants to respond to Plaintiff's operative complaint.

2 3. Defendants shall make available to Plaintiff, subject to the entry of an appropriate
3 protective order and the other provisions of this Stipulation: (i) copies of all documents and written
4 responses to discovery requests that were or are produced to the plaintiffs in each of the Federal
5 Securities Actions in the form and manner in which such documents were or are produced to the
6 plaintiffs in the Federal Securities Actions; (ii) all written agreements regarding the scope of
7 discovery that was produced or to be produced by defendants in each of the Federal Securities
8 Actions; and (iii) all deposition transcripts that were or are generated in each of the Federal Securities
9 Actions. This Stipulation is intended to facilitate coordination and to avoid, to the extent practicable,
10 duplicative discovery. Defendants will provide the materials set forth herein to Plaintiff within ten
11 (10) business days of providing them to the respective plaintiffs in the Federal Securities Actions in
12 the case of (i) and (ii), and within ten (10) business days of receiving the final transcript in the case
13 of (iii).

14 4. Plaintiff agrees that, prior to a finding at the pleading stage that Plaintiff has
15 adequately alleged demand futility, documents and information obtained pursuant to paragraph 3 of
16 this Stipulation shall not be used to supplement Plaintiff's allegations of demand futility absent an
17 order of the Court permitting such use. Plaintiff agrees not to use the existence of paragraph 3 of this
18 Stipulation, the substance of any documents or discovery produced pursuant to paragraph 3 of this
19 Stipulation, and/or any documents or information obtained or developed as a result of any documents
20 or discovery produced pursuant to paragraph 3 of this Stipulation as support for any argument that
21 Plaintiff is otherwise entitled to use the documents to supplement allegations of demand futility.

22 5. Notwithstanding the stipulated stay, Plaintiff shall be permitted to file an amended
23 complaint during the pendency of the stay, subject to the provisions in paragraph 4 above. Defendants
24 shall be under no obligation to respond to any complaint while the stay is in effect.

25 6. Counsel for Defendants will promptly notify Plaintiff's counsel if any Defendants are
26 served or were served with any other related derivative actions, and Plaintiff's counsel shall notify
27 Defendants' counsel in the event Plaintiff's counsel becomes aware of any other related derivative
28 actions.

7. If Defendants engage in any settlement conferences or mediations in any shareholder derivative actions initiated on behalf of CV Sciences based on any of the same or similar set of facts as those alleged in this Action, including, but not limited to, *Ruth v. Mona, Jr., et al.*, Case No. 2:15-cv-00481-RFB-VCB, pending in the United States District Court, District of Nevada as well as *Depoti v. Dowling, et al.*, Case No. A-18-782513-C, pending in the District Court, Clark County Nevada, *Radcliffe v. Dowling, et al.*, Case No. A-19-794377-B, pending in the District Court, Clark County Nevada, *Tarangelo v. Dowling, et al.*, Case No. A-19-789153-B, pending in the District Court, Clark County Nevada, *Menna v. Dowling, et al.*, Case No. 202100019613 pending in California Superior Court, San Diego Division, *Berry v. Dowling, et al.*, Case No. 3:20-cv-01072-AJB-DEB, pending in the United States District Court for the Southern District of California (“Related Derivative Actions”), Defendants agree to provide Plaintiff with reasonable advance notice of such settlement conferences or mediations and shall invite Plaintiff to participate in such settlement conferences or mediations.

8. In the event that any documents are or were produced to any other CV Sciences shareholder who has filed a shareholder derivative action on behalf of CV Sciences, or demanded the inspection of books and records of CV Sciences, based on any of the same or similar set of facts as those alleged in this Action, Defendants agree to promptly produce those documents to Plaintiff.

9. The provision of discovery materials pursuant to this Stipulation will not constitute a waiver of, or in any way limit, Defendants’ right to file a motion to dismiss, or other appropriate challenge, arguing that Plaintiff fails to adequately plead demand futility or make a pre-suit demand, or Defendants’ right to argue that Plaintiff is not entitled to conduct formal discovery prior to establishing that he has adequately alleged standing.

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10. By entering into this Stipulation, the Parties do not waive any rights not specifically addressed herein, including the right to pursue and/or oppose formal discovery and/or file any motion any party deems appropriate once this case is no longer temporarily stayed.

IT IS SO STIPULATED.

Dated this 4th day of April, 2022.

LEVERTY & ASSOCIATES LAW CHTD.

**PROCOPIO, CORY,
HARGREAVES & SAVITCH, LLP**

/s/ Patrick R. Leverty, Esq.

/s/ Eric A. Plourde, Esq.

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And

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STEPHEN M. SCHMITZ, EDWARD
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Counsel for Plaintiff

ORDER**PURSUANT TO THE PARTIES' STIPULATION, IT IS HEREBY ORDERED THAT:**

1. All proceedings in this Action and any related derivative actions in this Court shall be stayed until June 6, 2022, the date that the stay will be over, but any of the Parties to this Stipulation can request that the Court lift the voluntary stay upon good cause shown by giving the other party a ten (10) day notice that they believe that good cause exists to lift the voluntary stay of the Action and thereafter bringing the matter to the Court's attention and requesting that the stay of the Action be lifted.

2. Within thirty (30) days after June 6, 2022, the date that the stay will be over, the Parties in this Action will meet and confer in good faith to determine a schedule for the Action going forward, and will submit a proposed scheduling stipulation for this Court's review and approval, which shall include a deadline for Defendants to respond to Plaintiff's operative complaint.

3. Defendants shall make available to Plaintiff, subject to the entry of an appropriate protective order and the other provisions of this Stipulation: (i) copies of all documents and written responses to discovery requests that were or are produced to the plaintiffs in each of the Federal Securities Actions in the form and manner in which such documents were or are produced to the plaintiffs in the Federal Securities Actions; (ii) all written agreements regarding the scope of discovery that was produced or to be produced by defendants in each of the Federal Securities Actions; and (iii) all deposition transcripts that was or is generated in each of the Federal Securities Actions. This Stipulation is intended to facilitate coordination and to avoid, to the extent practicable, duplicative discovery. Defendants will provide the materials set forth herein to Plaintiff within ten (10) business days of providing them to the respective plaintiffs in the Federal Securities Actions in the case of (i) and (ii), and within ten (10) business days of receiving the final transcript in the case of (iii).

4. Plaintiff agrees that, prior to a finding at the pleading stage that Plaintiff has adequately alleged demand futility, documents and information obtained pursuant to paragraph 3 of this Stipulation shall not be used to supplement Plaintiff's allegations of demand futility absent an order of the Court permitting such use. Plaintiff agrees not to use the existence of paragraph 3 of this

1 Stipulation, the substance of any documents or discovery produced pursuant to paragraph 3 of this
2 Stipulation, and/or any documents or information obtained or developed as a result of any documents
3 or discovery produced pursuant to paragraph 3 of this Stipulation as support for any argument that
4 Plaintiff is otherwise entitled to use the documents to supplement allegations of demand futility.

5 5. Notwithstanding the stipulated stay, Plaintiff shall be permitted to file an amended
6 complaint during the pendency of the stay, subject to the provisions in paragraph 4 above. Defendants
7 shall be under no obligation to respond to any complaint while the stay is in effect.

8 6. Counsel for Defendants will promptly notify Plaintiff's counsel if any Defendants are
9 served or were served with any other related derivative actions, and Plaintiff's counsel shall notify
10 Defendants' counsel in the event Plaintiff's counsel becomes aware of any other Related Derivative
11 Actions.

12 7. If Defendants engage in any settlement conferences or mediations in any shareholder
13 derivative actions initiated on behalf of CV Sciences based on any of the same or similar set of facts
14 as those alleged in this Action, including, but not limited to any of the Related Derivative Actions,
15 Defendants agree to provide Plaintiff with reasonable advance notice of such settlement conferences
16 or mediations and shall invite Plaintiff to participate in such settlement conferences or mediations.

17 8. In the event that any documents are or were produced to any other CV Sciences
18 shareholder who has filed a shareholder derivative action on behalf of CV Sciences, or demanded
19 the inspection of books and records of CV Sciences, based on any of the same or similar set of facts
20 as those alleged in this Action, Defendants agree to promptly produce those documents to Plaintiff.

21 9. The provision of discovery materials pursuant to this Stipulation will not constitute a
22 waiver of, or in any way limit, Defendants' right to file a motion to dismiss, or other appropriate
23 challenge, arguing that Plaintiff fails to adequately plead demand futility or make a pre-suit demand,
24 or Defendants' right to argue that Plaintiff is not entitled to conduct formal discovery prior to
25 establishing that he has adequately alleged standing.

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1 10. By entering into this Stipulation, the Parties do not waive any rights not specifically
2 addressed herein, including the right to pursue and/or oppose formal discovery and/or file any motion
3 any party deems appropriate once this case is no longer temporarily stayed.
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5 **IT IS SO ORDERED.**

6 Dated this 5 day of April, 2022.
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10 Gloria M. Navarro, District Judge
11 UNITED STATES DISTRICT COURT
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